



The UK Register of Overseas Entities

## The UK's 'Register of Overseas Entities' launched on 1 August 2022, requiring overseas entities that own UK real estate to declare their beneficial owners and/or managing officers.

Entities caught by the legislation have until 31 January 2023 to complete the register, or they will be unable to dispose of, lease out or charge their UK real estate.

Entities wishing to acquire UK real estate will need to complete the register beforehand. Failure to comply is a criminal offence with a daily fine of up to £2,500 and up to five years' imprisonment.

### Background

Originally proposed in 2016, the introduction of a beneficial ownership register for overseas entities owning UK property was accelerated in response to the Russian invasion of Ukraine. This is the third beneficial ownership register in the UK, following the People with Significant Control (PSC) register and the Trust Register.

This register intends to mirror the way that UK companies currently provide information to Companies House on the PSC register. It was introduced as part of the Economic Crime (Transparency and Enforcement) Act 2022, which also reforms and strengthens the UK's Unexplained Wealth Order (UWO) regime as well as changing the UK sanctions regime, which facilitated the UK's response to the Ukraine situation.

### Which entities will this apply to?

The register applies to overseas entities holding (or intending to hold) a relevant interest in UK real estate, as well as those who have disposed of such an interest since 28 February 2022. A relevant interest is broadly a freehold interest, or a leasehold for more than 7 years, acquired since 1 January 1999 in England and Wales or since 8 December 2014 in Scotland, although the legislation is not retrospective for property transactions in Northern Ireland.

An 'overseas entity' is defined as a legal entity, governed by a jurisdiction outside the UK, which has a separate legal personality under the law in which it is governed. This includes overseas companies, certain partnerships and foundations, even if they are tax resident in the UK. Whilst a trust is not typically a separate legal person, a corporate trustee is, hence trustees will be caught where UK real estate is owned via a company or via corporate trustees/nominees.

As a result, it may be necessary for corporate trustees to register on both the Trust Register and the Register of Overseas Entities.

### What needs to be reported on the register?

Entities caught by the regulations must identify their registerable 'beneficial owners' and provide certain information about them, as well as about the entity itself, to Companies House.

A beneficial owner is anyone who has 'significant influence or control' over the entity, either directly or indirectly, which includes anyone holding more than 25% of the shares or voting rights and anyone who has the right to remove or appoint the majority of the board of directors, again either directly or indirectly. This is similar to the PSC regime already in place for UK companies and could include the trustees of a trust or the members of a partnership, unincorporated association or other entity, even where they do not have separate legal personality under their governing law.

For individuals, the information to be declared on the register includes their name, date of birth, nationality and address. For entities, the required information includes their name, registered office, correspondence address, type and jurisdiction.

Overseas entities unable to identify any registerable beneficial owners must instead provide Companies House with details of their managing officers, including their directors, managers or secretary.

### What are the consequences of not registering?

Overseas entities which either fail to register by the end of the 6 month transitional period, submit false information or fail to update the register commit a criminal offence, punishable by a fine of up to £2,500 per day or up to five years' imprisonment for the responsible officers.

Restrictions will be registered at the Land Registry which will prevent overseas entities from being able to buy, sell, lease or mortgage UK real estate without completing the register.

### How often does the register need to be updated?

Overseas entities continuing to hold UK property are required to keep the information on the register up to date, with annual updates being due 14 days after each anniversary of the initial registration. Companies House should also be notified when a beneficial owner or managing officer is required to be removed from the register. The entity can apply to be removed from the register if it no longer holds UK real estate.

### Who will be able to access the Register of Overseas Entities?

Like the PSC register, it will be publicly searchable and administered by Companies House, although certain information will not be available to the public, including dates of birth and residential addresses.

Individuals can apply to protect their information from public disclosure under certain circumstances, including where there is a serious risk of violence or intimidation.



## What happens now?

Registration should be regarded as company administration; it is not related to UK tax matters.

### > Identification

Overseas entities caught by the regulations, including those intending to acquire UK real estate, need to analyse their ownership structure and collate the information they will need about their beneficial owners.

### > Verification

Before an overseas entity can be registered, verification checks must first be carried out by a UK-regulated agent who is supervised under the UK Money Laundering Regulations 2017 (MLRs), known as a 'relevant person'. These relevant persons are defined by the MLRs and include UK-regulated accountants, tax advisers, trust or corporate service providers, financial institutions and estate agents.

### > Registration

This is completed online with a £100 registration fee. Whilst entities can complete this themselves, the advice from Companies House is that the relevant person who verified the information should also complete the registration, stating that it may take longer to process if the entity completes the registration themselves.

## Summary

Overseas entities holding UK real estate, those intending to acquire it in future or those who have disposed of it since 28 February 2022 must take action now.

If they are caught by these regulations, they will need to undertake the necessary steps to complete the Register of Overseas Entities by 31 January 2023 (or before UK real estate is acquired), and at least annually thereafter, to avoid fines and penalties.



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